

## December 5, 2012 Redevelopment Dissolution Webinar Q&A

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### Questions and Answers

**Q: How many LA County Successor Agencies have not yet submitted a Housing DDR (as of 12/5/2012)?**

A: The vast majority have already submitted their Housing DDR, with approximately eight yet to be submitted.

**Q: What is the web address where information on the DDR process can be found?**

A: The Department of Finance provides information on the DDR process on their website at: [http://www.dof.ca.gov/redevelopment/due\\_dilligence/view.php](http://www.dof.ca.gov/redevelopment/due_dilligence/view.php)

**Q: How can a Successor Agency report on RPTTF funds on hand that cannot be spent by 12/31/12 but may be needed shortly thereafter?**

A: The best way to handle that type of issue would be to either spend the funds by 12/31/12, perhaps through a pre-payment, otherwise you can re-list these expenditures on ROPS 4. It is important to understand that the true-up process will deduct from your next RPTTF allocation any unspent funds previously listed on a DOF approved ROPS. If a planned payment against an enforceable obligation is not paid by the end of the ROPS period it will have to be re-listed on a subsequent ROPS, since any unspent funds will be swept.

**Q: Can a Successor Agency retain funds to fulfill ROPS 1 enforceable obligations for which payments have been delayed?**

A: No, Successor Agencies cannot retain funds for delayed payments. The redevelopment dissolution law requires that any unused funds from an approved ROPS will be swept if not spent by the end of the ROPS period.

**Q: As assets are sold how will the proceeds be distributed?**

A: Proceeds from the sale of assets can only be used to pay for enforceable obligations or be distributed to Taxing Entities.

**Q: My Successor Agency defeased some housing bonds. The Oversight Board wants to insure that the bond proceeds are be spent on low income housing, but the Successor Agency stated that the Oversight Board does not have authority to direct how funds from defeasement are to be spent, as this was an area not subject to oversight. Is that correct?**

A: The Oversight Board governs the activities of the Successor Agency, but not the activities of the Housing Successor Agency. To the extent that these are Housing Successor Agency activities, the Oversight Board does not have any authority.

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**Q: The property disposition procedures of ABx1 26 (negotiated settlements with taxing entities) seem to remain operative in the law. Is that true?**

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A: AB 1484 suspended the disposition of former RDA assets under sections 34177(e) and 34181(a) of the Health & Safety Code, except for governmental purpose transfers, until a Finding of Completion is issued. Your legal counsel should be consulted to determine whether any proposed disposition is permissible under ABx1 26 and AB 1484.

**Q: What happens to bond proceeds from bonds issued AFTER January 1, 2011, but before June 27, 2011?**

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A: HSC 34177(i) restricts bond proceeds to the purposes for which bonds were sold, or to defease the bonds if the purposes cannot be achieved, if, for example, the necessary agreements were not entered into before the cut-off date. Unspent bond proceeds may (a) become part of the Non-Housing DDR process, (b) be held and debt service payments made against the bonds until they can be retired, or (c) there may be other scenarios, depending on the bond covenants, and whether housing or non-housing assets were pledged to pay for the bond. Due to the complex nature of bond covenants, it is important to consult with your legal counsel and bond counsel on this issue.

**Q: How can bond proceeds be spent if the Successor Agency is not allowed to enter into new contracts? Wouldn't the funds be trapped?**

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**Q: My Successor Agency has a mixed-use project that contains a fully-funded affordable housing component combined with a proposed supermarket in an area that has been deemed a food desert. Does the Oversight Board have to take an explicit action to transfer the asset to the Housing Successor Agency?**

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A: The Housing Successor Agency should have submitted its housing asset list to the Department of Finance (DOF) by August 1, 2012. The Oversight Board should determine whether the housing component was included on that list and was approved by the DOF. The Oversight Board will need to determine whether the development should be kept intact, or whether title should be divided between the Successor Agency and Housing Successor Agency, after balancing the overall value to the community and the benefit to the taxing entities for each option, per HSC 34176(f).

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**Q: Can a Successor Agency create enforceable obligations related to preparation of the Long-Range Property Management Plan, such as expenditures for appraisals and consultants?**

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A: Yes. However, any enforceable obligations listed on the ROPS are still subject to DOF review and approval, and the DOF may determine that such costs are payable from the administrative cost allowance.

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**Q: Can a city acting as the Housing Authority dispose of a property owned by the Housing Authority but purchased with low and moderate income housing funds if the property was not transferred to the Housing Successor Agency?**

A: The Oversight Board does not have a direct role in governing the activities of the Housing Successor Agency. However, this question is very specific and outside of the scope of this training.

**Q: Is the housing asset list independent of the Long-Range Property Management Plan?**

A: Yes, though to the extent that the housing asset list was modified by the DOF then any disallowed assets will need to appear on the Successor Agency list of assets on the DDR and would be governed by the Long-Range Property Management Plan.

**Q: Should the Non-Housing DDR include transactions that were reported in the Housing DDR?**

A: Possibly. However, this question may involve specifics which would require additional analysis.

**Q: If a host city holds bonds issued by the redevelopment agency should these be treated as City/Agency loans?**

A: There are some agencies where there is a substantial debt to the city as the result of the city purchasing redevelopment agency bonds. If this item was listed on a prior ROPS then you will already have a sense whether DOF will approve this item as a loan or as a bond payment. However, each ROPS is a new opportunity to have these items reviewed and the DOF appears to be approving the vast majority of bond obligations.

**Q: How do you feel the question of “government use” for a parking structure developed by an RDA on city property will be ultimately decided?**

A: There is no general answer on whether parking is a government use. This requires a review and analysis on a case-by-case basis based on a variety of factors, including the extent to which the city or parking authority governs operations of the parking facility, and whether the parking facility exclusively benefits private businesses.

**Q: If the city wants to buy a former agency property doesn't that mean that taxpayers would be paying for the property twice?**

A: AB 1484 placed significant restrictions on a city's ability to “buy” former RDA property prior to issuance of a Finding of Completion.